


The Corporate Income Tax and Gross Domestic Product

Where do we make our best
investment?

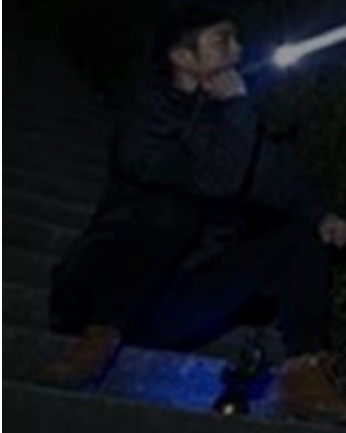


CIT or the Corporate Income Tax Rate is set by Congress and approved by the President

GDP or Gross Domestic Product is the Sum of all Goods and Services produced in a year in the United States.

The equation commonly used to express this:

$$\text{GDP} = C + I(g) + G + X(n)$$



C = Consumption

I(g) = Gross Income

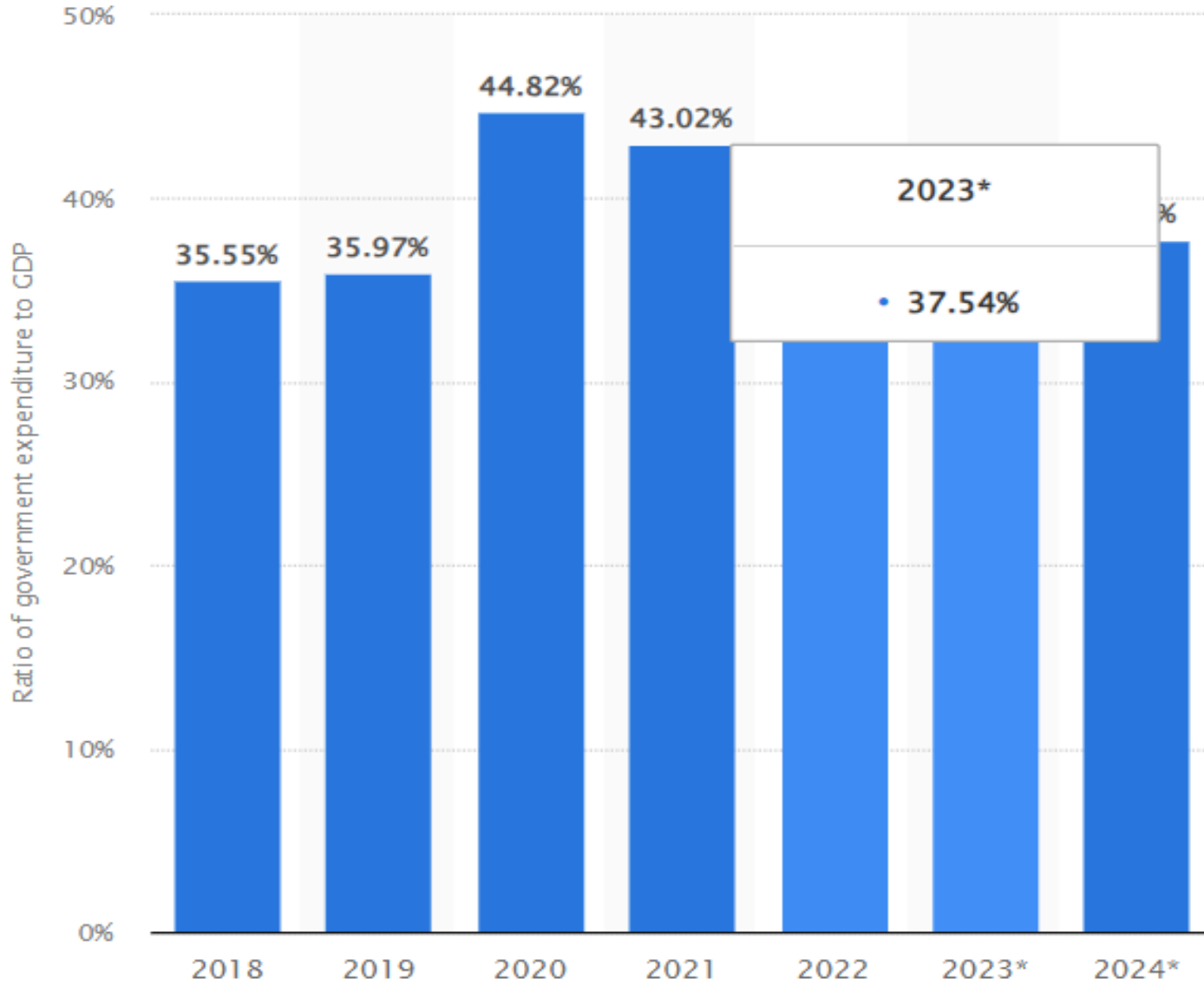
G = Government Expenditures

X(n) = Net Exports

$$C + I(g) + G + X(n) = \text{GDP}$$

Government Expenses are paid with
Tax Revenue or Borrowing





Government Expenditures as a Percentage of GDP

Healthcare
spending
currently
accounts for
17.3% of GDP

WHERE DOES

ONE

U.S.
TAX
DOLLAR
GO?

22¢

Social Security

14¢

Health

13¢

Income
Security

Major
programs incl.
food assistance
and disability
insurance

11¢

Net
Interest

14¢

Medicare

13¢

National
Defense

5¢

Veterans'
Benefits
& Services

2¢

Transportation

2¢

Commerce

4¢

Other

Source: U.S. Bureau of the Fiscal Service. Based on government outlays (rather than money promised but not yet spent) from the fiscal year ended September 30, 2023.



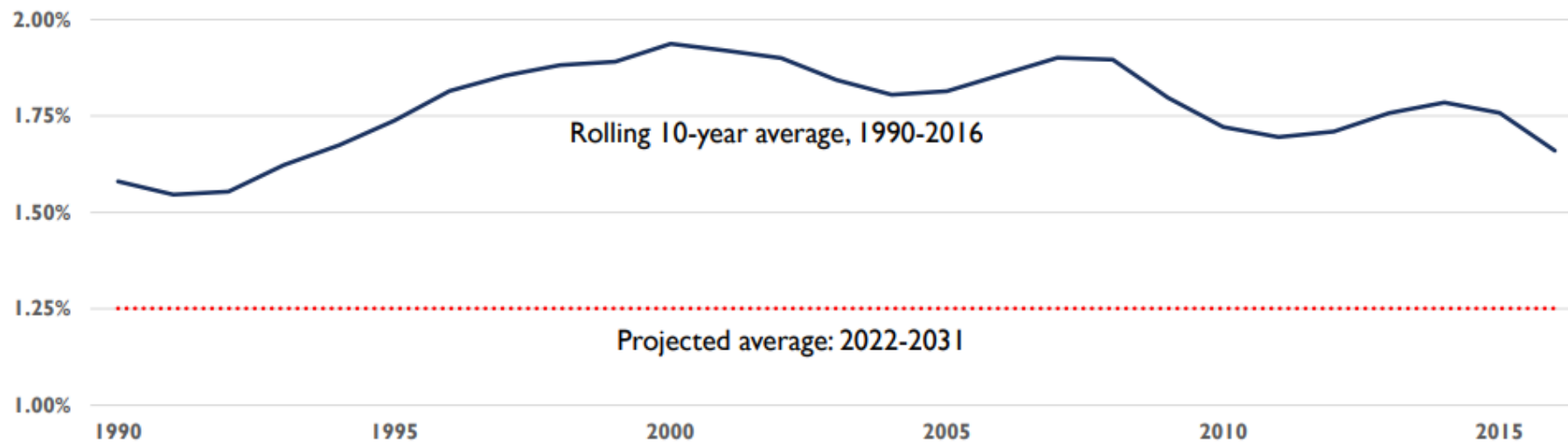


The value of our currency is based on the value of our GDP

If corporations pay a lower tax rate, but government still needs to grow the GDP

Do we pay more if they pay less?

U.S. CORPORATE TAX RECEIPTS AS A SHARE OF U.S. GDP



- Since World War 2, the rolling-10-year-average of corporate tax receipts had never been below 1.50 percent-of-GDP.
- Post-2017, collections fell through the floor, and they are not expected to return to modern norms
- The expected revenue over the next ten years (2022-2031) is just 1.25 percent-of-GDP

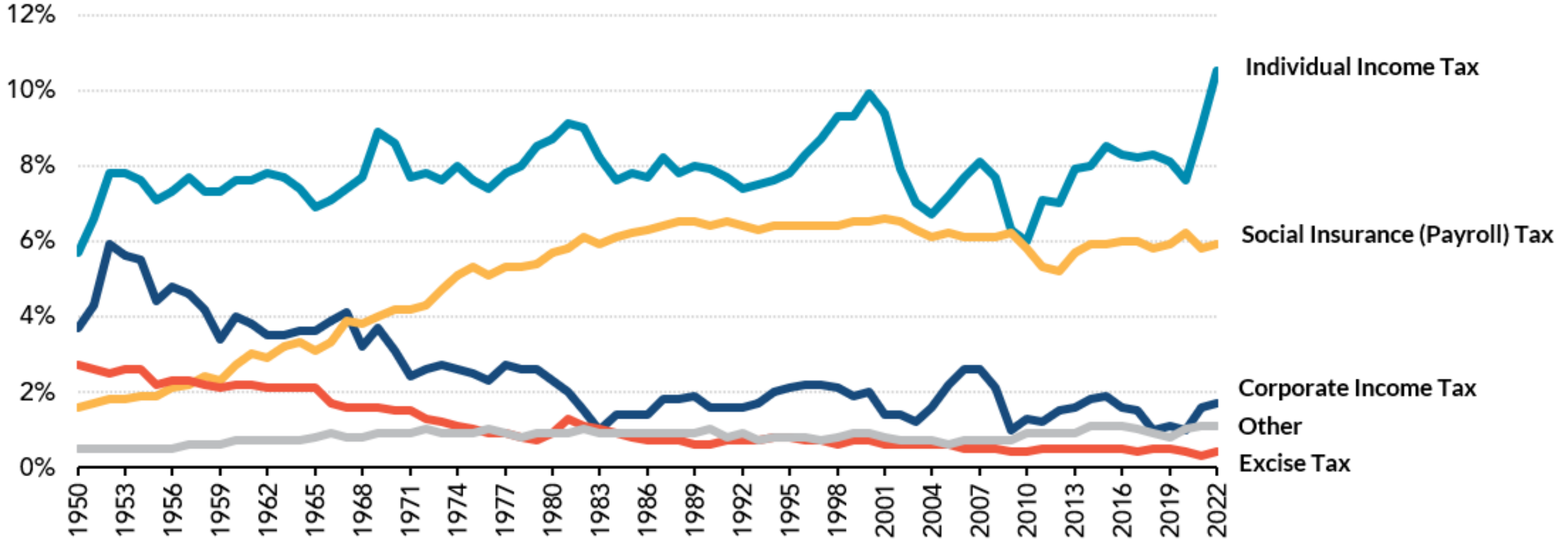
FIGURE 3

Sources of Federal Revenue as a Share of GDP

Fiscal years 1950 – 2022



Percentage



Source: Office of Management and Budget. Historical Tables. Table 2.3, "Receipts by Source as Percentages of GDP: 1934–2028," March 2023.

Corporate
Income Tax
and the
Income
Statement

Sales		\$ 2,500,000.00
Costs		\$ 1,750,000.00
Depreciation		\$ 38,750.00
Taxable Income		\$ 711,250.00
	21%	\$ 149,362.50
Net Income		\$ 561,887.50
Dividends		\$ 100,000.00
Addition to RE		\$ 461,887.50



- Net Income goes to Retained Earning
- Dividends are paid from Retained Earnings
- Companies with a healthy fiscal policy will only keep enough Cash to cover current Expenses, etc. If there is excess, then it will be Invested.

$$C + I(g) + G + X(n) = GDP$$



Investment as a Percentage % of Nominal GDP 2014 – 2023



If Revenue from taxes is increasing after the Tax Rate is lowered, then that means the amount of Taxable Income has risen significantly.

In other words, Profits have risen, and profits come from Investment.

STAR BALANCE OF THE FORCE WARS

U.S. health care spending grew 4.1 percent in 2022, reaching \$4.5 trillion or \$13,493 per person. As a share of the nation's Gross Domestic Product, health spending accounted for 17.3 percent.



Sources:

<https://www.finance.senate.gov/imo/media/doc/Corporate%20tax%20receipts%204.13.21.pdf>

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Star Wars Extended Universe Wiki